

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
Carol C. Lam***

For Further Information Contact: Assistant U.S. Attorney Lawrence E. Spong (619) 557-5815

For Immediate Release

NEWS RELEASE SUMMARY - January 7, 2004

United States Attorney Carol C. Lam announced today that Terence Michael Kettenhofen was sentenced to 30 months in custody, and ordered to pay restitution in the amount of \$4.3 million by the Honorable Napoleon A. Jones Jr. in United States District Court in San Diego. Kettenhofen pled guilty to one count of conspiracy to commit mail fraud on September 8, 2003, in connection with his role in the San Diego operation of TLC Investment and Trade Company.

In his plea agreement, Kettenhofen admitted that he was a 50% owner in TLC Investments and Trade Company with Eunan Aeria. Kettenhofen admitted that he conspired with Francis Manfred, TLC's first salesman, and Eunan Aeria to raise funds from individuals by representing that TLC would use the funds to invest in tax lien certificates resulting in a 12-19% annual return. In actuality, TLC used investor funds to make payments to and on behalf of defendants Kettenhofen and Aeria, pay undisclosed commissions, pay returns to other investors, fund loans to third parties, and pay TLC's overhead. As a result of these

misrepresentations, TLC raised over \$8 million from investors.

According to Assistant U. S. Attorney Lawrence Spong, who prosecuted the case, TLC originally was headquartered in San Diego, but raised funds from investors throughout the country. TLC moved from San Diego to Brea, California in August 1998, where it continued to raise funds from investors until October 4, 2000, when a federal district court in Los Angeles granted a request by the Securities and Exchange Commission to freeze TLC's assets and appoint a receiver to take over TLC's operations.

Eunan Blair Aeria, who founded TLC with Kettenhofen, pled guilty to federal charges for his role in the San Diego operation of TLC on December 15, 2001. Ernest Frank Cossey, TLC's former Chief Executive Officer, and Gary Williams, a certified public accountant and TLC's former Chief Financial Officer, pled guilty to federal charges for their roles in the Brea operation of TLC on March 22, 2002 and February 14, 2002, respectively.

Francis Cosmo Manfred, pled guilty on September 8, 2003, to filing a false income tax return for the tax year 1998, falsely reporting income in the amount of \$278,033 when he knew his income was well in excess of this amount. Manfred is scheduled to be sentenced before Judge Jones on January 12, 2004 at 8:15 a.m.

This case was the result of an investigation conducted by agents of the Internal Revenue Service, Criminal Investigation, Federal Bureau of Investigation and the San Diego Police Department.

DEFENDANT

Terence Michael Kettenhofen

SUMMARY OF CHARGES

Conspiracy to Commit Mail Fraud in violation of Title 18, United States Code, Section 371.
Maximum sentence: Five years in prison and fine not to exceed \$250,000

AGENCIES

Internal Revenue Service, Criminal Investigation
Federal Bureau of Investigation
San Diego Police Department

